

**BEFORE THE
ENVIRONMENTAL QUALITY COUNCIL
STATE OF WYOMING**

IN THE MATTER OF THE BOND)	
FORFEITURE PROCEEDINGS)	
AGAINST THE BONDS OF)	DOCKET NO. 16-3501
PATRIOT ENERGY RESOURCES, LLC.)	

MOTION FOR BOND FORFEITURE

The Department of Environmental Quality, Water Quality Division (“Department”), through the Office of the Attorney General, hereby moves the Environmental Quality Council (“Council”) for an order forfeiting Patriot Energy Resources, LLC’s (“Patriot”) reclamation performance bonds and in support of this motion states as follows:

1. From 2005 until 2013, Patriot operated coal bed methane production facilities throughout the Powder River Basin and discharged produced water to surface impoundments under a number of Wyoming Pollution Discharge Elimination System Permits (“WYPDES”). In early 2013, Patriot ceased its operations and by December 28, 2013, the Department terminated all of Patriot’s WYPDES permits.

2. The following table identifies the subject WYPDES permit numbers under which reservoirs were bonded by the Department and termination dates:

Wyoming Permit Numbers	Permit Termination Date
WY0052647	6/30/2011
WY0049492	8/31/2012
WY0037699	12/31/2012
WY0039152	12/31/2012
WY0047759	4/15/2013
WY0036188	12/16/2013
WY0036285	12/16/2013
WY0036293	12/16/2013
WY0036374	12/16/2013
WY0037711	12/16/2013

WY0038610	12/16/2013
WY0039951	12/16/2013
WY0039985	12/16/2013
WY0048011	12/16/2013
WY0049686	12/16/2013

3. These permits permitted Patriot to develop and operate up to eighty-nine (89) reservoirs located on private lands throughout the Powder River Basin. Pursuant to these permits, the Department required Patriot to post reclamation performance bonds as financial assurance for the reclamation of the reservoirs. Patriot posted the reclamation performance bonds in the form of cash. The cash reclamation performance bonds held by the Department under these permits total \$1,213,856.77.

4. During the past three years, the Department attempted to work with Patriot to reclaim the reservoirs. Despite these attempts, Patriot failed to satisfy its obligations to reclaim these reservoirs. There has been no reclamation activity on these reservoirs and to date, the reservoirs remain unreclaimed.

5. Based on these facts, the Department determined that the reclamation performance bonds should be forfeited. On June 16, 2016, the Council approved the Department's request to initiate bond forfeiture proceedings against Patriot. *See Exhibit A.*

6. The Department then requested that the Office of Attorney General begin the forfeiture proceeding.

7. On July 12, 2016, the Office of Attorney General sent notice to Patriot, and upon information and belief, all subsequent owners of the Patriot wells by certified mail notice of the forfeiture proceedings. That notice stated that the Council would enter an order forfeiting Patriot's reclamation performance bonds unless Patriot, or another appropriate party, demanded a hearing before the Council within thirty (30) days. *See Exhibit B.*

8. Ed Presley, last known owner and operator of Patriot received notice on or about July 18, 2016. The potential subsequent owners of the Patriot wells received notice on or about July 15, 2016 and July 18, 2016. *See Exhibit C.*

9. Neither the Office of the Attorney General nor the Council has a record of a request for hearing before the Council from Patriot.

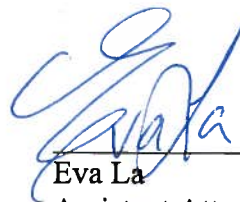
10. Wyoming Statute § 35-11-421(b) states that if no demand is made by the operator within thirty (30) days of the receipt of the notice, then Council shall order the bond forfeited.

11. Based on the foregoing facts, the Department has satisfied all statutory prerequisites to the forfeiture of Patriot's reclamation performance bonds and Patriot's reclamation performance bonds should be forfeited.

WHEREFORE, the Department respectfully requests that the Council enter an order forfeiting Patriot's reclamation performance bonds totaling \$1,213,856.77 to be used by the Department to reclaim the reservoirs developed under the WYPDES permits discussed herein.

Dated the 29 day of August, 2016

FOR THE DEPARTMENT OF
ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION



Eva La
Assistant Attorney General
2320 Capitol Ave.
Cheyenne, WY 82002

CERTIFICATE OF SERVICE

This certifies that true and correct copies of the foregoing *Motion to Enforce Settlement Agreement* was served this 29th day of August, 2016 by United States Mail at the following addresses:

Ed Presley
77 E. Ridge Rd.
Sheridan, WY 82801

Bravo Two Zero Partners, LLC
c/o Robert Mitchell
8090 South Monaco Cir.
Centennial, CO 80122

Emerald Operating Company
c/o Mike Perry
1908 Thomas Ave.
Cheyenne, WY 82001

Mary Throne
1810 Pioneer Ave.
Cheyenne, WY 82003



Wyoming Attorney General's Office

EXHIBIT

A

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Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor



Todd Parfitt, Director

MEMORANDUM

TO: Environmental Quality Council

FROM: Todd Parfitt, Director - Department of Environmental Quality

DATE: May 11, 2016

SUBJECT: Bond Forfeiture - Patriot Energy Resources, LLC. Coal Bed Methane Reservoir Reclamation

FILED

MAY 11 2016

Jim Ruby, Executive Secretary
Environmental Quality Council

Attached is information relating to the failure of Patriot Energy Resources, LLC (Patriot) to reclaim numerous CBM containment reservoirs. Patriot ceased all CBM operations in the first quarter of 2013 and the last of their WYPDES permits were terminated on December 23, 2013. No reservoir reclamation has occurred to date and there is currently no responsible party willing or able to complete reclamation.

I have determined that a cash bond in the amount of \$1,213,856 submitted by Patriot should be forfeited. I therefore seek your approval to request that the Attorney General begin bond forfeiture proceedings.

Should you have any questions, please contact Kevin Frederick, WQD Administrator

cc: Eva La, Attorney General's Office (w/attachments)
Bill DiRienzo, WQD

- Attachments:
- WQD Memo
 - Patriot Energy Resources, LLC Bond Status Sheet
 - Bonded Reservoir List and Bond Amount
 - List and Status of Patriot Permits
 - October 11, 2013 - Conceptual Reclamation Plan
 - October 23, 2013 - Email Request to Terminate Permits
 - October 25, 2013 - Notice of Permit Termination
 - November 26, 2013 - Public Notice of Permit Termination
 - Patriot Energy Resources, LLC Dissolution - Wyoming Secretary of State

Jun 16, 2016
Date

Jim Ruby
Approved
Chairman, EQC

WJD/rm/16-0486

EXHIBIT

B

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Office of the Attorney General

Governor
Matthew H. Mead

Attorney General
Peter K. Michael

Water and Natural Resources Division
Kendrick Building
2320 Capitol Avenue
Cheyenne, Wyoming 82002
307-777-6946 Telephone
307-777-3542 Fax

Chief Deputy Attorney General
John G. Knepper

Division Deputy
James Kaste

July 12, 2016

**CERTIFIED MAIL NOS: 7003 1680 0007 0340; 3057, 3064; 3071; 3088; 3095; 3101
RETURN RECEIPT REQUESTED**

Patriot Energy Resources, LLC
500 Corporate Cir., Suite C
Golden, CO 80401

P.O. Box 7070
Gillette, WY 82717

1590 Sugarland Dr. St. B-210
Sheridan, WY 82801

Ed Presley
77 E. Ridge Rd.
Sheridan, WY 82801

Bravo Two Zero Partners, LLC
c/o Robert Mitchell
8090 South Monaco Cir.
Centennial, CO 80122

Emerald Operating Company
c/o Mike Perry
1908 Thomas Ave.
Cheyenne, WY 82001

Mary Throne
1810 Pioneer Ave.
Cheyenne, WY 82003

**RE: Notice of Proposed Bond Forfeiture Relating to Certain Terminated WYPDES
Discharge Permits**

Dear Messrs Presley, Mitchell, and Perry and Ms. Throne:

The Wyoming Department of Environmental Quality, Water Quality Division, terminated the following WYPDES Coalbed Methane discharge permits held by Patriot Energy Resources, LLC as follows:

Patriot Energy Resources, LLC

July 12, 2016

Page 2 of 2

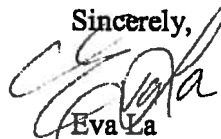
Wyoming Permit Numbers	Permit Termination Date
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WY0038610	12/16/2013
WY0039951	12/16/2013
WY0039985	12/16/2013
WY0048011	12/16/2013
WY0049689	12/16/2013

During the past three years, DEQ attempted to work with Patriot to reclaim the reservoirs developed under the above permits. However, Patriot failed to satisfy its obligations to reclaim these reservoirs. As such, DEQ seeks to forfeit the reclamation performance bonds Patriot posted to fund its reclamation obligations. As a result, on May 11, 2016, DEQ sought approval from the Wyoming Environmental Quality Council to initiate bond forfeiture proceedings. The Council approved DEQ's request on June 15, 2016.

Accordingly, the Wyoming Attorney General's Office is hereby notifying you that DEQ seeks an order from the Council to forfeit Patriot's reclamation performance bonds, Instrument Nos. 149076, 151310, 151735, 152526, and 018322. These are cash bonds totaling One Million, Two Hundred Thirteen Thousand, Eight Hundred Fifty-Six Dollars and Seventy-Seven Cents (\$1,213,856.77). The Council will order these bonds forfeited unless you make a written demand for a hearing to the Council within thirty (30) days after receiving this notice. If the bonds are forfeited, DEQ will apply the proceeds to Patriot's reservoir reclamation obligations.

If you have any questions concerning this matter, please feel free to contact me at (307)-777-7376 or eva.la@wyo.gov.

Sincerely,



Eva La

Assistant Attorney General

cc: Kevin Frederick
Bill DiRienzo
file

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EXHIBIT
C

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		B. Received by (Printed Name)	C. Date of Delivery
Mary Throne 1810 Pioneer Ave Cheyenne, WY 82003		<i>[Signature]</i>	
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7003 1680 0007 0340 3101			
3. Service Type		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.			
PS Form 3811, February 2004 Domestic Return Receipt 10253 -154			

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
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1. Article Addressed to:		B. Received by (Printed Name)	C. Date of Delivery
Patriot Energy Resources, LLC P.O. Box 7670 Gillette, WY 82717			
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7003 1680 0007 0340 3057			
3. Service Type		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.			
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154			

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		B. Received by (Printed Name)	C. Date of Delivery
Patriot Energy Resources, LLC 1590 Sugarland Dr. St. B-210 Sheridan, WY 82801		<i>[Signature]</i>	
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7003 1680 0007 0340 3064			
3. Service Type		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.			
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154			

2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

7003 1680 0007 0340 3040
Domestic Return Receipt

10259-02-M-1540

1. Article Addressed to:
Patriot Energy Resources, LLC
500 Corporate Cir., Ste C
Golden, CO 80401

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

A. Signature
 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Bravo Two Zero Partners, LLC
c/o Robert Mitchell
8090 South Monaco Cir.
Centennial, CO 80122

2. Article Number
(Transfer from service label) 7003 1680 0007 0340 3088

PS Form 3811, February 2004 Domestic Return Receipt 10259 -154

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Ed Presley
77 E. Ridge Road
Sheridan, WY 82801

2. Article Number
(Transfer from service label) 7003 1680 0007 0340 3071

PS Form 3811, February 2004 Domestic Return Receipt 10259 -154

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Emerald Operating Company
c/o Mike Perry
1908 Thomas Ave.
Cheyenne, WY 82001

2. Article Number
(Transfer from service label) 7003 1680 0007 0340 3095

PS Form 3811, February 2004 Domestic Return Receipt 10259 -154

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 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
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 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

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Patriot Energy Resources, LLC
500 Corp. Ct., Ste C
 City, State, ZIP+4
Golden, CO 80401

PS Form 3800, June 2002 See Reverse for Instructions

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

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Mary Throne
1690 Pioneer Ave
 City, State, ZIP+4
Cheyenne, WY 82003

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

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 Street, Apt. No., or PO Box No.
Emerald Op. Co. % Mike Berry
1908 Thomas Ave
 City, State, ZIP+4
Cheyenne, WY 82001

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B2P Partners, LLC % Robert Mitchell
8090 S. Monaco Ct.
 City, State, ZIP+4
Centennial, CO 80122

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Sheridan, WY 82801

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Postmark Here

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 Street, Apt. No., or PO Box No.
Patriot Energy Resources, LLC
1590 Sugarland Dr. St. B-210
 City, State, ZIP+4
Sheridan, WY 82801

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To Patriot Energy Resources LLC
 Street, Apt. No.;
 or PO Box No. PO Box 7070
 City, State, ZIP+4 Gillette, WY 82717